# GOVERNMENT OF INDIA
# HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
# LOK SABHA

UNSTARRED QUESTION NO:3523
ANSWERED ON:26.04.2007
REVIVAL OF NPPC
Khan Shri Sunil

**Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:**

(a) whether the Government has accorded approval for revival of Nagaland Pulp and Paper Company Limited (NPPC);

(b) if so, the details thereof;

(c) the funds released by the Government in this regard; and

(d) the other incentives accorded/proposed to be accorded by the Government in this regard?

## Answer

MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SMT. KANTI SINGH)

(a) Yes, Sir.

(b) In its meeting held on 23.11.2006, the Competent Authority has accorded approval to the following proposals for revival of Nagaland Pulp & Paper Company Limited (NPPC):-

(i) Cash infusion of Rs.552.44 crore through
(i) Government Equity of Rs.261.26 crore out of which Rs.10 crore will be contributed by HPC;
(ii) Term Loan of Rs.252.99 crore to be availed from Commercial Banks/Financial Institutions by NPPC with Government of India guarantee; and
(iii) 5% Non-cumulative Redeemable Preference Shares of Rs.38.19 crore.

(ii) Reduction of existing paid-up capital from Rs.120.20 crore to Rs.12.02 crore by way of reduction of the face value of the existing equity share from Rs.1,000/- per share to Rs.100/- per share and setting off the capital reduction fund of Rs.108.18 crore against the Profit & Loss (P&L) Debit i.e. against a part of the accumulated losses of Rs.249.83 crore.

(iii) Write-off of the existing loan of Rs.29.87 crore as present in the Loan fund and interest of Rs.52.62 crore accrued on the above loan.

(iv) Write-off of dues payable by NPPC to Hindustan Paper Corporation Limited (HPC) amounting to Rs.44.49 crore against HPC's loan and interest dues to Government of India.

Based on the above, the Operating Agency has submitted the Techno-Economic Report on revival of NPPC for approval in Board for Industrial and Financial Reconstruction (BIFR).

(c) The question of release of funds by Government depends on decision of BIFR on revival of NPPC.

(d) Apart from reliefs and concessions mentioned in part (b) above, NPPC will be eligible for concessions and incentives like tax exemption, interest subsidy etc. under new North East Industrial Policy (NEIP) 2007 announced by the Government on 1.4.2007.